UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
DELPHI CORPORATION, *et al.*	Case No. 05-44481 (RDD)
Debtors.	Jointly Administered

DECLARATION OF KEITH BAILEY IN OPPOSITION TO DELPHI'S MOTION FOR AUTHORITY TO REJECT COLLECTIVE BARGAINING AGREEMENTS UNDER 11 U.S.C. § 1113(c) AND MODIFY RETIREE WELFARE BENEFITS UNDER 11 U.S.C. § 1114(g)

I, Keith Bailey, declare and state as follows:

1. My name is Keith Bailey. I am the Chairman of the Shop Committee of Local 755, IUE-CWA ("Local 755" or "the Union"), since 2004. Other Union positions I have held include: Teller, IUE District 7 Delegate, IUE Convention Delegate, Strut Manufacturing Training Coordinator, Quality Network Representative, District Committeeman, Safety Trainer, Second Vice President, First Vice President, President, District 7 Executive Board, and Miami Valley AFL-CIO Vice President. I have been employed by General Motors ("GM")-Delphi for 33 years and my current classification is machine oiler.

2. Local 755 represents Delphi employees in Kettering, Ohio ("Delphi Kettering"). The plant is 2 ½ million square feet in one building with several business units. The products made include shock absorbers, suspension systems, module struts, dampers, fan clutches, engine components, height sensors. The approximate composition of the workforce is: 950 bargaining unit employees of which 160 are skilled trades, 40 are indirect labor, and 750 are production workers. Of the production workers, 250 are in tier 2 and 500 are in tier 1.

3. In 1973, Local 755 accepted the first wage concessions, bringing new hires in at rates $0.50 to $0.80 lower than top rate. The top rate for laborers was $4.07. There was no progression to the top rate until the next IUE National Agreement in 1976 which eliminated the lower wage. A copy of this agreement is attached as Exhibit A.

4. In 1984/85, the Local agreed to another new hire plan that started employees at 60% of maximum wage. A copy of this agreement is attached as Exhibit

B. Those employees progressed to top wage after six years of employment. This was also the first time skilled trades employees were brought in at a reduced wage, the same 60%. Also, for the first time, the Local agreed to buyouts and mutual retirements to allow the company to get traditional employees out and bring in more new hires at lower wages. The buyouts were $15,000 for those eligible for a 30 and out pension and $7,500 for those eligible for a mutual pension. The buyouts were taken by 338 workers.

5. Also in the 1984/85 time frame, the Local took the unprecedented step of allowing management to establish an Independent Power Systems Business in Plant 20, which was off-site. They made electric generators and motors; it was a stand alone company called Machine Controlled Systems ("MCS"). This was non-core business located in a separate building in Dayton, Ohio. All new hires coming into MCS had a permanently reduced rate, 60% of the top rate, both skilled and non-skilled. They also had no cost of living increases. MCS employees had no flow rights into the main Kettering plant. They had the same medical benefits as other Local 755 employees. There was a six year agreement for MCS which covered about 200 employees. GM sold this business in 1990-91. A copy of the agreement is attached as Exhibit C.

6. In 1987/88, Local 755 agreed to establish the Kettering II Plant ("K-II") under Item 17 of the IUE National Agreement. A copy of the agreement is attached as Exhibit D. All new Kettering/Local 755 represented employees would be hired into K-II at a third-tier, permanently reduced wage. K-II employees started at $6.50 per hour with 10 cent raises per year. K-II employees had no cost of living increases, no national wage increases, no performance bonuses and modified health care through the Medical Value Plan ("MVP"). As long as employees worked at K-II, they remained under

this agreement. Employees could transfer to Kettering I by need only, and when transferring to K-I would begin the six year grow to parity as of their transfer date. They would start at 60%, which was a significant raise, regardless of how many years they had been employed by Delphi. There were 400 employees working at K-II. The plant produced the same product as K-I but bid at lower rates because of the reduced labor costs.

7. The Local also agreed that upon the sale of MCS in 1990-91, employees at that plant would have the ability to flow only to K-II and would be considered new hires at the $6.50 per hour rate. K-II was shut down in 1996; the Company transferred the work and people to K-I. It was shut down because the Company was leasing the building leading to high overhead costs. The Company had changed to "just in time" inventory and had space at K-I for the work which had been done at K-II. The K-II plant also had a problem of high turnover because of the low wages. The Local also agreed to incentive retirements and Voluntary Termination Employee Program ("VTEP") to allow management to replace higher wage employees with low wage, K-II employees. The buyouts were the same as before and the total cost was $2,977,000.

8. In 1993, the Local entered into the J Car Agreement, to make the J Car. A copy is attached as Exhibit E. The Local agreed to make employees use vacation for one week of the summer shutdown and agreed to forego the Christmas bonus in return for four days of pay during the Independence Holiday week. The Local also agreed to bring new work into the K-II plant at the competitive wage, instead of into the K-I plant where employees had the opportunity to progress to top wage. This allowed

management to keep employees at the third tier K-II plant longer. The Local again agreed to incentive retirements and VTEP's to allow management to replace higher wage employees with lower wage employees.

9. In 1996, the Local agreed to the SR2000 settlement, which brought "cells" into the K-I plant. A copy is attached as Exhibit F. The Local further agreed to an alternative work schedule for all K-I SR2000 employees. "Cells" are a U-shaped working environment allowing 3 people to do the work of five, theoretically. It is not clear whether this system actually saves money because it replaced automated systems with more labor intensive cells. The rates were $8 per hour and the Company hired for 500 positions. There were three crews, two shifts, 10 hours per day, on a 6 day operation. The change involved bringing in all new machines which did not work well giving only 50% of the previous productivity level. Because production was so low, much mandatory overtime was required. The wage increases were $0.20 per year up to a $10 per hour maximum. Health benefits were through the MVP.

10. Also, in 1996, the Local agreed to allow the company to shut down the K-II plant and move those product lines into K-I. All K-II employees, regardless of seniority, had to start at the beginning of the six year wage progression. Transferred employees from K-II to K-I after the date of this agreement would start at 60% of top wage and progress to the top wage after 6 years.

11. In 1998, there was emergency bargaining, to prevent the sale of the Delphi Kettering Operations and to secure management's commitment to growing the Delphi Kettering business, Local 755 members agreed to the following concessions:

* A four year wage freeze, all years.

* A four year cost of living freeze.

* Overtime would not be paid until employees had worked 40 hours in a week.

* The attrition of 50 skilled tradespeople. In exchange management agreed to full utilization language allowing skilled trades to work 12 hours per day, 7 days per week it they wanted to work it.

* Management could forego adding 24 apprentices.

* Established a new "Competitive Hire Plan", that created a third tier within the K-I plant. Competitive New Hires ("CNH") would come in at $8.00 per hour and grow only to $10.00 after ten years. They had reduced benefits, including no vision or dental, no sickness and accident coverage for one year, no bereavement for three years, no vacation for the first year and only one week paid in the second year. All CNH employees would have gainsharing, instead of profitsharing and no post-employment health care or defined pension plan. There was a one year waiting period for health benefits. They had an Income Security plan, a layoff benefit, which the Company paid for with $0.25 per hour. There was a 401(k) plan instead of a pension.

* The Union agreed to an incentive retirement program to encourage higher wage employees to exit the facility. The incentives were $15,000 and

$7,500, the same as in earlier years, but added a 28 year retirement with no incentive paid. About 100 people left with those incentives.

* The Kettering plant's Secured Employment Level ("SEL") would decrease by one for every employee who took the incentive retirement.

The Union went in to "emergency bargaining" and agreed to these concessions under the hammer of a sale or closure or joint venture. A copy of the agreement is attached as Exhibit G. Management, however, continued to get their raises and bonuses which the Union protested on June 24, 2000. A copy of the letter is attached as Exhibit H.

12. Each year there were incentive retirements. In 2001, the Company added $20,000 for 28 years; the incentives for the 30 and out benefit was raised to $25,000 and for a mutual pension to $12,500. 183 employees went out with those incentives.

13. In 2002, the Local agreed to Project Vortex, which waived SEL language and allowed management to decrease the Kettering Delphi workforce over the life of the agreement from 1997 to 1250 employees. A copy is attached as Exhibit I. In the Skilled Trades memo during that agreement, the Local agreed to give management the right to subcontract all skilled trades work except service work, and agreed that management would not have to replace up to 180 skilled trades workers. At the time there were around 350 skilled trades employees. Service work is work needed to keep equipment running during production. The Local agreed to allow management to outsource the die cast and spring winding jobs under Appendix F of the IUE National Agreement. The Local also agreed to the implementation of the "No Fault Attendance

Plan," which gave management the means by which to terminate employees with serious attendance or tardiness problems without the Union grieving those terminations.

14. Despite repeated promises by management that in return for Union concessions, they would grow the business, management has systematically moved nearly all profitable work out of the Delphi Kettering facility and purposefully made our plant unprofitable. Management has consistently fought to remove the jobs that we could and did make a profit on. The Chrysler fan clutch business is an example of a profitable job that management wanted rid of. To this day, Delphi Kettering management refuses to bring that work back in, even through Chrysler wants to give it to us and we can make a profit from it. Clearly, management's goal has been to make the Delphi Kettering Plant as unsuccessful as possible, to justify asking for concessions and taking away our jobs.

15. Management has consistently and purposefully brought unprofitable work into the Delphi Kettering operations. When the Union Operational Effective Team ("OET"), headed by Keith Hammond and Dale Shafner asked management why they would agree to contracts for unprofitable work like the 25mm airlift jobs, they were told that our plant getting the unprofitable work was part of a larger Delphi/GM plan that gave profitable work to other plants and improved the big picture. On the 25mm airlift job, Delphi Kettering lost $6 million a year. Management knew it when they took the work. When the Union suggested an engineering change on the job, which would have allowed Delphi Kettering to increase the price and mitigate our losses, management refused to even consider it, saying they had a lifetime agreement with GM. Delphi

Kettering later gave the 25 mm airlift job to India, claiming that they would lose less money making it there. Local 755 later found out that GM was giving India $9.00 more PER PART than they had given the Delphi Kettering operation. Had we been given the same amount per part, that would have been a profitable job at Delphi Kettering.

16. Management also accepted a losing contract for work on Toyota struts. When they agreed to take the work, they knew that we would lose $5 per part. Why would a management team that wanted a successful operation accept business that they could not make a profit on?

The Local 755 OET identified seven after market shock products that GM forced our location to make at a loss of $232,000 per year, when at the same time, the GM Service Parts Organization made $300,000 profit per year on the same parts and the dealerships made over $300,000 in profit. We were forced by GM to make parts at a $232,000 loss, when those same parts made over $600,000 in profits for GM.

17. When bidding for profitable work, management has repeatedly inflated costs, through headcount routings, so that their bids would be unsuccessful or the location would look less profitable. For example, the 32 mm shocks were incorrectly routed for cost purposes through the Sampson shooters, when in actuality, they went through the much less expensive Gillmans. The difference in cost was twenty five cents per shock, a considerable number when you are bidding for a product.

18. Over the years, Local 755's OET repeatedly exposed management's cost inflation and errors – errors that have cost this plant millions of dollars in profitable work.

19. The work that management has given to Delphi Nodia (India), which we could produce profitably here, has to be managed by three different companies before the parts come back to Kettering. Delphi pays three separate companies to check for quality errors, and we still receive bad parts. The quality of Nodia parts is terrible and literally thousands of parts that came from Nodia have been scrapped at Delphi Kettering. And yet, Delphi continues to send work to that plant and pay middleman companies to do extra quality checks. It would cost the Company less to make those parts at Delphi Kettering, but they refuse to bring work into our plant.

20. As the Local has pointed out to management on numerous occasions, our plant is very heavy in terms of the management to hourly ratio. We have supervisors in the plant who are paid forty or more hours a week to manage three to four employees, and yet management refuses to make cuts in that area. The general supervisor positions could be eliminated, and the assistant plant manager position could be eliminated.

21. The proposals by Delphi are to cut our wages and benefits even further and to take away the job protections we have already paid for by past concessions. Now that Delphi has had the benefit of the savings of our wage and benefit reductions, the Company wants to end the promise of job security. The Company proposals do not take into account the concessions we have already made.

Dated:April 21, 2006

KEITH BAILEY